

806 KAR 39:040. Governmental units excluded.

RELATES TO: KRS 304.39-080

STATUTORY AUTHORITY: KRS 304.2-110, 304.39-300

NECESSITY, FUNCTION, AND CONFORMITY: KRS Chapter 304, Subtitle 39, requires all other owners to either accept limitation on their tort rights and obligations or to affirmatively reject such limitations, but in the case of governmental units should take if they desire to become obligated governments.

Section 1. Governmental units, as described in KRS 304.39-080(3) and (4), are not subject to KRS Chapter 304, Subtitle 39, and need not take any affirmative action thereunder unless, and until, by appropriate action, they elect to become obligated governments.

Section 2. Any governmental unit, which by appropriate action elects to become an obligated government, may meet its obligations by:

- (1) Providing security by acquiring a contract of insurance, or
- (2) By providing security merely by obligating itself to pay basic reparation benefits in accordance with KRS Chapter 304, Subtitle 39.

Section 3. Any governmental unit purchasing a contract of insurance needs to do nothing further to be an obligated government. However, if for any reason such insurance should be terminated by the insurer, the insurer must give the governmental unit not less than sixty (60) days notice prior to the termination thereof, so that the governmental unit may take appropriate action either to purchase other insurance, to withdraw from its obligation and duties under KRS Chapter 304, Subtitle 39, or to become an obligated government by taking the appropriate steps to lawfully obligate itself to pay basic reparation benefits.

Section 4. Obligated governments who have not acquired a contract of insurance may have rights and duties under KRS 304.39-290 and should make the appropriate contacts with the Kentucky Arbitration Association in order that they may protect such rights and duties. (1 Ky.R. 879; eff. 5-14-75.)